

**Award
FINRA Dispute Resolution**

In the Matter of the Arbitration Between:

Name of Claimants

Case Number: 09-05396

Edward Blackoff, Trustee of the Revocable Living Trust of Edward and Sasa Blackoff
NNN Aventura Harbor 14 LLC

Name of Respondents

Hearing Site: Los Angeles, California

Jeffrey S. Gurman
Damien P. Gallagher
Grubb & Ellis Securities, Inc.
Woodbury Financial Services, Inc.

Name of Counter-Claimant

Grubb & Ellis Securities, Inc.

Name of Counter-Respondent

Edward Blackoff, Trustee of the Revocable Living Trust of Edward and Sasa Blackoff

Nature of the Dispute: Customers vs. Members and Associated Persons
Member vs. Customer

REPRESENTATION OF PARTIES

Claimants, Edward Blackoff, Trustee of the Revocable Living Trust of Edward and Sasa Blackoff ("Blackoff" or "Counter-Respondent") and NNN Aventura Harbor 14 ("Aventura Harbor"), hereinafter collectively referred to as "Claimants": David Liebrader, Esq., The Law Offices of David Liebrader, Las Vegas, Nevada.

Respondent, Woodbury Financial Services, Inc., hereinafter referred to as "Woodbury": Jesse Linebaugh, Esq., Faegre & Benson, LLP, Des Moines, Iowa.

Respondent, Jeffrey S. Gurman, hereinafter referred to as "Gurman": Ryan D. Harvey, Esq., Lewis, Brisbois, Bisgaard & Smith LLP, Los Angeles, California.

Respondents, Grubb & Ellis Securities, Inc. ("Grubb & Ellis" or "Counter-Claimant") and Damien P. Gallagher ("Gallagher"): Neal S. Robb, Esq., Keesal, Young & Logan, Long Beach, California.

CASE INFORMATION

Statement of Claim filed by Claimant Blackoff on or about: September 15, 2009

First Amended Statement of Claim filed by Claimant Blackoff on or about: October 28, 2009

Claimant Blackoff signed the Submission Agreement: October 22, 2009

Statement of Answer to the First Amended Statement of Claim filed by Respondent Woodbury on or about: December 30, 2009

Respondent Woodbury signed the Submission Agreement: October 28, 2009

Statement of Answer to the First Amended Statement of Claim filed by Respondent Gurman on or about: January 4, 2010

Respondent Gurman signed the Submission Agreement: January 7, 2010

Response to First Amended Statement of Claim filed by Respondents Grubb & Ellis and Gallagher on or about: December 24, 2009

Counterclaim filed by Respondent Grubb & Ellis on or about: December 24, 2009

Response to Counterclaim filed by Claimant Blackoff on or about: May 28, 2010

Respondent Grubb & Ellis signed the Submission Agreement: December 3, 2009

Respondent Gallagher signed the Submission Agreement: December 4, 2009

Second Amended Statement of Claim filed by Claimants Blackoff and Aventura Harbor on or about: July 16, 2010

CASE SUMMARY

In the Second Amended Statement of Claim, Claimants asserted causes of action including the following: 1) breach of fiduciary duty; 2) misrepresentations and omissions; 3) negligence; 4) violation of California securities laws; and 5) breach of contract. The causes of action relate to Claimants' investment in an undivided tenant in common interest offered by NNN Aventura Harbor Centre LLC.

Unless specifically admitted in their separate Answers, Respondents denied the allegations made in the Second Amended Statement of Claim and asserted various affirmative defenses.

In their Counterclaim, Respondent Grubbs & Ellis asserted the following causes of action: 1) breach of contract; 2) express indemnity; and 3) equitable indemnity.

Unless specifically admitted in his Answer, Claimant Blackoff denied the allegations made in Respondent Grubbs & Ellis' Counterclaim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Second Amended Statement of Claim, Claimants requested:

1. Rescission of the investments, or in the alternative, compensatory damages in an amount not less than \$834,167.00;
2. Consequential damages in an amount according to proof;
3. Disgorgement and restitution of all earnings, profits, compensation, and benefits received by Respondents as a result of their alleged unlawful acts and practices in an amount according to proof;
4. An order that Respondents are obligated and shall assume payments on the loan assumed by Claimants under the Aventura loan transaction;
5. Punitive and exemplary damages in an amount to be determined by the arbitrators;
6. Pre-award and post-award interest at the maximum rate allowed by law from the date of the original investment;
7. Costs of arbitration and expenses, including reasonable attorneys' fees, expert witness fees, and any other costs deemed reasonable; and
8. Such other relief as the Panel deems fair and equitable.

In the Statement of Answer, Respondent Woodbury requested:

1. That Claimants take nothing against Woodbury;
2. That Woodbury be awarded the costs of this proceeding, including all reasonable attorneys' fees; and
3. That the Panel award Woodbury such other relief as the Panel deems appropriate.

In the Statement of Answer, Respondent Gurman requested:

1. That the claims be dismissed forthwith;
2. That the Claimants take nothing from Gurman by reason of their claims;
3. Costs of suit herein; and
4. Such other relief as this Panel may deem just and proper.

In their Response to the First Amended Statement of Claim and Counterclaim, Respondents Grubbs & Ellis and Gallagher requested:

1. That an award be entered against Claimants and in favor of Grubb & Ellis, directing Claimant to pay Respondent Grubbs & Ellis for any losses or other amounts for which Grubbs & Ellis is deemed liable under the claims asserted in this proceeding;
2. Costs;
3. Attorneys' fees; and

4. Any other relief as the Panel deems just and equitable.

In response to Respondent Grubbs & Ellis' Counterclaim, Claimant Blackoff requested:

1. That Respondent Grubb & Ellis' Counterclaim and all relief prayed for therein be denied in its entirety;
2. Costs and attorneys' fees; and
3. Such other relief as the Panel deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

The Panel acknowledges that they have each read the pleadings and other materials filed by the parties.

On or about June 1, 2010, Claimant Blackoff filed a Motion for Leave to Amend the Statement of Claim pursuant to FINRA Code of Arbitration Procedure Rule 12309(c) to add NNN Aventura Harbor 14 LLC as a Claimant. Respondents did not oppose Claimant Blackoff's motion. On July 15, 2010, the Chair granted Claimant's motion.

Claimant NNN Aventura Harbor 14 LLC did not file with FINRA Dispute Resolution a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code, and having filed the claim and appeared at the evidentiary hearing, is bound by the determination of the Panel on all issues submitted.

On March 17, 2011, Claimants and Respondents Grubb & Ellis and Gallagher notified FINRA Dispute Resolution that they had reached a settlement and dismissed all claims against each other with prejudice.

During the recorded evidentiary hearing, Respondent Gurman orally requested expungement. The Panel denied Respondent Gurman's request.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Gurman and Woodbury are jointly and severally liable for and shall pay to Claimants \$444,000.00 in compensatory damages.
2. Respondents Gurman and Woodbury are jointly and severally liable for and shall pay to Claimants interest at a rate of 10% per annum on the amount awarded from the date of service of the Award as dated by FINRA to the date the Award is paid in full.

3. Respondents Gurman and Woodbury are jointly and severally liable for and shall pay to Claimants \$148,000.00 in attorneys' fees pursuant to California Civil Code § 1717.
4. Respondents Gurman and Woodbury are jointly and severally liable for and shall pay to Claimants \$13,600.00 in expert witness fees.
5. Respondents Gurman and Woodbury are jointly and severally liable for and shall pay to Claimants \$250.00 to reimburse Claimants for two-thirds of the non-refundable portion of the initial claim filing fee previously paid by Claimants to FINRA Dispute Resolution.
6. Any and all relief not specifically addressed herein, including punitive damages, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial claim filing fee	= \$1,575.00
Counterclaim filing fee for Grubbs & Ellis	= \$2,450.00

**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as parties, Woodbury Financial Services, Inc. and Grubb & Ellis Securities, Inc. are assessed the following:

<u>Woodbury Financial Services, Inc.</u>	
Member surcharge	= \$ 2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 4,000.00

<u>Grubb & Ellis Securities, Inc.</u>	
Member surcharge	= \$ 2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 4,000.00

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s) that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel @ \$1,200.00/session = \$ 1,200.00
Pre-hearing conference: April 6, 2010 1 session

Sixteen (16) Hearing sessions @ \$1,200.00/session = \$ 19,200.00
Hearing Dates:

January 18, 2011	2 sessions
January 19, 2011	2 sessions
January 20, 2011	2 sessions
January 21, 2011	2 sessions
February 3, 2011	2 sessions
February 4, 2011	2 sessions
March 21, 2011	2 sessions
March 22, 2011	2 sessions

Total Hearing Session Fees = \$ 20,400.00


1. The Panel has assessed \$6,800.00 of the hearing session fees jointly and severally to Claimants.
2. The Panel has assessed \$13,600.00 of the hearing session fees jointly and severally to Respondents Gurman and Woodbury.

All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

Michael G. Clark	-	Public Arbitrator, Presiding Chairperson
Melvin S. Feldman	-	Public Arbitrator
Dean Schneider	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Michael G. Clark
Public Arbitrator, Presiding Chairperson

April 6, 2011
Signature Date

Melvin S. Feldman
Public Arbitrator

Signature Date

Dean Schneider
Non-Public Arbitrator

Signature Date

April 13, 2011
Date of Service (For FINRA Dispute Resolution use only)

ARBITRATION PANEL

Michael G. Clark	-	Public Arbitrator, Presiding Chairperson
Melvin S. Feldman	-	Public Arbitrator
Dean Schneider	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Michael G. Clark
Public Arbitrator, Presiding Chairperson

Signature Date

Melvin S. Feldman
Melvin S. Feldman
Public Arbitrator

4-6-11
Signature Date

Dean Schneider
Non-Public Arbitrator

Signature Date

April 13, 2011
Date of Service (For FINRA Dispute Resolution use only)

ARBITRATION PANEL

Michael G. Clark	-	Public Arbitrator, Presiding Chairperson
Melvin S. Feldman	-	Public Arbitrator
Dean Schneider	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Michael G. Clark
Public Arbitrator, Presiding Chairperson

Signature Date

Melvin S. Feldman
Public Arbitrator

Signature Date



Dean Schneider
Non-Public Arbitrator

4-12-11

Signature Date

April 13, 2011

Date of Service (For FINRA Dispute Resolution use only)